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REAL PROPERTY ACQUIRED

25X1 36. [] files of real property leased or rented under oral agreement for personal quarters, transient quarters, safehouses, office space, warehouses, and for other uses and [] records of expenses incurred in connection with these properties were reviewed. Because of inadequacies in the records, audit steps were extended to include a detailed review of personnel files, contract files, and other records for the purpose of determining all persons who might be entitled to quarters or quarters allowances. In examining these files and records, the following deficiencies were disclosed:

25X1

a. No current leases or memoranda of oral agreements were found for forty-two of the premises occupied.

25X1 b. [] had no record or knowledge of a leased premise on which a rental payment of \$900.00 had been made on behalf of []
25X1A9A

c. Several leases contained inventories of furniture varying from a few pieces to a substantial portion of complete furnishings. It was explained that the landlords would make no reduction in the rental price even though the furniture was not left in the house for use by the occupant.

d. Two leases were signed for many of the leased premises, one for the premises and one for furniture. It was explained that even though little furniture was involved in most of the leases, the lessor required separate leases to enable him to avoid local tax payments. For audit purposes, the two leases were treated as one and the combined amount considered to be the rental cost of the property.

e. The previous audit report, Paragraphs 60 and 67 B 24, comments on lack of adequate records of occupancy of transient quarters. Adequate records are still not maintained.

f. The lease files do not show evidence of approval of leases by an authorized approving officer.

25X1 g. Declarations of Trust have not been executed on leases acquired in the names of individuals on behalf of KUBARK as required by []

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h. No agreements were found establishing the underlying organization control and responsibility for property leases as required by [redacted]

i. A number of properties are currently rented or leased which have not been reported to headquarters on Form 36-220 as required by [redacted]

j. Renewal of leases and termination of leases and/or of oral agreements are not usually reported to the stations's [redacted]

[redacted]

l. The "Lease Ledger" maintained by the [redacted] is used to record amounts paid for rent and utilities on personal and transient quarters and rental payments only on safehouses and other properties. Certain deficiencies in the procedures of maintaining the lease ledger were noted. These weaknesses reduce the value of the records as a management tool.

(1) The record is maintained on a memorandum basis. That is, no provision is made for taking off totals of the figures posted monthly in order to prove the accuracy of the postings by comparison with total expenditures of the related object classes.

(2) The record does not provide in every case a complete chronological record of the quarters occupied by each individual. This is particularly true of safehouses and transient quarters.

m. [redacted] does not maintain a record of the terms of any rental leases or oral agreements against which claims can be checked prior to payment or prior to allowing credit for payments made by others. Leases for personal quarters are usually shown to Finance personnel when the initial rental payment is requested.

n. [redacted] does not normally check to see that the [redacted] has a record of properties on which rental and utility payments are made.

o. Several employees had leased new premises prior to expiration of leases on other premises. On discussion of these

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cases with Logistics and Finance personnel they supplied an explanation from memory for all but the following three cases:

	<u>Employee</u>	<u>Period of Overlap</u>
25X1A9A	<div></div>	16 August - 31 August 1954 16 May to 15 June 1955 paid on two locations 20 May - 5 June 1955
	<div></div>	<div></div>

25X1A9A

Explanations were not available for the three overlapping leases. The facts should be reviewed and appropriate recovery of over-payments made or proper explanatory entries made on the records.

37. The files contained no records of the designation of an officer responsible for real property. His appointment and duties according to are to ensure that all reasonable precautions are taken against loss, theft or damage, including periodic inspection of buildings and facilities for evidence of damage, disrepair, and fire hazards, and of fire extinguishers and similar equipment.

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Summary of quarters occupied.

38. The number of quarters provided employees at station expense and the number of quarters provided by employees at their own expense are summarized by categories of employees as follows:

Furnished at station expense up to ceiling approved by Chief of Station:

Staff employees and staff agents
Contract employees and agents
Military personnel on detail

25X9A2

Furnished at station expense less recoveries of allowances:

Staff employees and staff agents
Contract employees and agents
Military personnel on detail

25X9A2

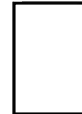
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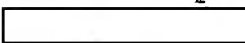
Furnished at employee expense from allowances:

Staff employees and staff agents
Contract employees and agents
Military personnel on detail


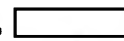
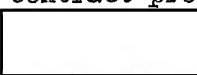


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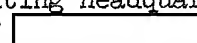
*Includes four persons for whom advances were made and are being refunded from military allowances. Six persons provide own quarters without assistance from the station.

39. In the absence of specific regulations to the contrary, the auditor accepted without question the station's policy of allowing   employees to retain their allowances and to provide own quarters. 25X1 25X1A2G

Quarters - Contract Employees

40. Of the  contract employees furnished quarters,  have contract provisions stating that quarters will be provided under  One contract states, "...you will be provided quarters." The contracts provide for "living quarters allowance equivalent to those granted a (GS grades as specified in each contract). Government employees stationed at the same permanent post of duty in conformance with, and at the rates prevailing in, the standardized regulations, (Government civilians, Foreign areas.). In the event that quarters are provided by the Government, you will not be entitled to the living quarters allowance herein indicated." 25X1 25X9A2 25X9A2



42. The auditor accepted the contract provision, "in the event that quarters are provided by the Government..." as constituting headquarters' approval of furnishing quarters under the provisions of  If it is not so intended by headquarters, the station and the auditor should be informed. 25X1

Quarters - Military Personnel

43. The terms of employment of military personnel detailed to the station are contained in letters of authorization. A summary of the types of terms used in reference to quarters in these letters follows:

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a. Statement that quarters will be provided pursuant to

[REDACTED]

b. Appointed as staff agent.

[REDACTED]

d. "Iffy" provision such as "It is not contemplated that you will be furnished quarters at your overseas post, but if quarters are furnished, you will be required to so certify..." (to parent military organization).

44. Variations in administration occur in applying the foregoing provisions. For example, two persons of the military are furnished quarters and refund allowances; six retain allowances and provide own quarters while the station makes advances to four persons who repay the advances as allowances are received, yet the applicable provisions of most of these letters of authorization are similar.

45. Headquarters would materially assist the station in the administration of letters of authorization if the provisions pertaining to allowances and quarters were more uniformly drafted in like cases and the intent more specifically defined.

46. As is the case of contract employees, the auditor accepted the provision "...but if quarters are furnished..." as constituting headquarters approval of furnishing quarters to [REDACTED] contract employees. If it is not so intended by headquarters, the station and the auditor should be informed.

25X1

Minimum data required to correct deficiencies

47. The minimum data which should be maintained in the accounting records of properties rented includes:

a. A ledger sheet that will provide for the following information.

- (1) Name or number of property, address, or other identifying information.
- (2) Purpose property acquired.

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- (3) Description of lease or renewal or other manner of acquirement.
 - (a) Name or pseudonym of person in whose name lease is executed or of the person negotiating oral agreement.
 - (b) Period of lease.
 - (c) Amount of monthly or annual rental.
 - (d) Terms of payment.
 - (e) Effective date of advice of termination.
- (4) Furnishings - whether completely furnished, partially furnished, or unfurnished.
- (5) Occupancy record.
 - (a) Name or pseudonym of employee(s) occupying and status of employment.
 - (b) Date occupant moved in.
 - (c) Date occupant moved out.
- (6) Amount payable by occupant.
 - (a) Refund of military or civilian allowance.
 - (b) Amount of ceiling approval for payment for period of lease by station.
- (7) Expenses incurred.
 - (a) Rent gross.
 - (b) Recoveries.
 - (c) Agents commission.
 - (d) Utilities by type and period.
 - (e) Repairs, maintenance and other costs.

// b. Ledger sheets for each employee for whom quarters were leased. This is now being done.

c. Ledger sheet for each employee for whom quarters were not leased in own name but who is occupying station furnished quarters or is providing quarters from allowances. Arrange sheets alphabetically and combined with group described in preceding paragraph; each sheet to contain:

- (1) Name or pseudonym.

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- (2) Transient quarters occupied No. _____.
- (3) Safehouse occupied No. _____.
- (4) Occupies quarters with husband _____.
- (5) Shares quarters with _____.
- (6) Maintains own quarters from
KUBARK allowances.
- (7) Contract does not provide for quarters or allowances.

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